

Message Text

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43

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 TRSE-00 FRB-03 OPIC-03 AID-05

L-02 PA-01 PRS-01 USIA-06 /041 W

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R 050808Z MAR 75 ZFG

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 2761

DEPT OF COMMERCE WASHDC

LIMITED OFFICIAL USE BUDAPEST 0601

STATE PASS TREASURY

E.O. 11652: N/A

TAGS: ECON, EFIN, HU

SUBJ: FIRST NATIONAL CITY LOAN TO HUNGARIAN NATIONAL BANK

REF: BUDAPEST 0398

1. THROUGH CONVERSATIONS WITH AMERICA BANKERS, EMBASSY HAS LEARNED THAT RECENT \$100 MILLION LOAN TO HUNGARIAN NATIONAL BANK (MNB) BY CONSORTIUM ORGANIZED BY FIRST NATIONAL CITY BANK A REPLACEMENT FOR \$100 MILLION LOAN WHICH WAS TO BE GRANTED MNB BY CONSORTIUM LED BY LOEB RHOADES. ACCORDING TO U.S. BANKERS, LOEB RHOADES CONSORTIUM FELL APART FOLLOWING ANNOUNCEMENT OF LOAN AND NO FUNDS WERE EVER BORROWED BY MNB. FNCB THEN STEPPED INTO PICTURE FORMING NEW CONSORTIUM WHICH HAS NEGOTIATED RECENT LOAN AGREEMENT.

2. HUNGARIANS APPARENTLY HAVE NOT EARMARKED RECENT LOAN FOR ANY SPECIFIC PURPOSE SIMPLY SAYING THAT FUNDS WILL BE USED TO DEVELOP EXPORT-ORIENTED INDUSTRIES. THIS MEANS IN PRACTICE THAT NATIONAL BANK IS LIKELY TO HAVE THE PRIMARY SAY AS TO HOW THIS MONEY WILL BE ALLOCATED.

PEDERSEN

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
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Disposition Authority: CunninFX
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Review Exemptions: n/a
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Margaret P. Grafeld
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